

LG Electronics (LGEL) - ADD

Q4FY26 Result Update

Current Market Price (CMP) Rs.1,491	Fair Value (FV) Rs.1,580
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Rationale:

- Q4FY26: Margin miss on account of FX losses and higher channel promotions.
- LGEL ended FY26 with 1% yoy revenue growth and a 9.8% EBITDA margin.
- Company is targeting mid-teen revenue growth, early-DD EBITDA margins in FY27E.
- We believe that LG is better placed than peers in a challenging environment, on account of its higher premium mix, exports growth potential and new category forays.
- We estimate ~13%/23%/24% sales/EBITDA/PAT CAGR over FY26-29E.
- We make marginal tweaks to revenues while trimming EBITDA margin forecasts by 30-50 bps.
- We revise FV to Rs1,580, based on 37x June 2028E EPS; Reiterate ADD.

Positives:

- Localization mix improved by 140 bps yoy to 55.2% in FY26 and is likely to see an annual improvement of 100- 200 bps going forward.
- Sales in April-May have been encouraging, with strong demand across categories supported by heatwave conditions.
- Net cash stood at Rs4,470 cr as of March 2026 vs Rs3,740 cr as of March 2025.

Negatives:

- Revenues were Rs8,154 cr (~0.8% miss); home appliances (HA) revenue missed our estimate by ~1.2% miss.
- EBITDA declined ~10.4% yoy (~10.7% miss), while EBITDA margin contracted 240 bps yoy to 11.7% (our estimate: 13%).

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; EPS: Earnings Per Share; FX: Foreign Exchange; DD: Double-Digit; PAT: Profit After Tax; CAGR: Compound Annual Growth Rate)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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